

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

MILITARY CONSTRUCTION PROGRAM OF THE U.S. SPECIAL OPERATIONS COMMAND

Report No. 96-106

May 3, 1996

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Department of Defense

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Acronyms

BFR	Basic Facility Requirement
MILCON	Military Construction
SEAL	Sea-Air-Land
SOATC	Special Operations Aviation Training Company
SOCOM	U.S. Special Operations Command



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

May 3, 1996

MEMORANDUM FOR COMMANDER IN CHIEF, U.S. SPECIAL OPERATIONS
COMMAND
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit Report on the Military Construction Program of the U.S. Special Operations Command (Report No. 96-106)

We are providing this audit report for review and comment. This report is one of a series of reports about the FYs 1997 and 1998 military construction for Defense agencies. Management comments on a draft of this report were considered in preparing the final report.

DoD Directive 7650.3 requires that audit issues be resolved promptly. We ask that the U.S. Special Operations Command provide additional comments on unresolved Recommendations 2. and 3. (draft Recommendation 4.) by July 3, 1996. We deleted draft Recommendation 3. We revised and redirected Recommendation 5. (draft Recommendation 6.) to the Director of Resources, U.S. Special Operations Command, to ensure that the U.S. Special Operations Command Program Objective Memorandum be adjusted. We also request that the Director of Resources, U.S. Special Operations Command, provide comments on Recommendation 5. (draft Recommendation 6.) in response to the final report. We request the additional comments by July 3, 1996.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. Nicholas E. Como, Audit Project Manager, at (703) 604-9303 (DSN 664-9303). See Appendix G for the report distribution. The audit team members are listed inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 96-106
(Project No. 5CG-0055.04)

May 3, 1996

Military Construction Program of the U.S. Special Operations Command

Executive Summary

Introduction. This report is one of a series of reports on the FYs 1997 and 1998 military construction program for Defense agencies. The report discusses the requirements for various military construction projects for the U.S. Special Operations Command, MacDill Air Force Base, Florida. The report also discusses management controls that the U.S. Special Operations Command headquarters should establish to manage the military construction program.

Audit Objectives. The audit objectives were to determine whether the U.S. Special Operations Command properly planned and programmed the FYs 1997 and 1998 proposed military construction projects and whether the decision for military construction was supported with required documentation, including an economic analysis. We also reviewed the management control program as it applied to the other two audit objectives.

Audit Results. The U.S. Special Operations Command did not provide adequate support, documentation, or justification for 5 of the 12 FYs 1997 and 1998 military construction projects. As a result, three military construction projects, valued at \$20.3 million, were overstated by at least \$6.8 million. Another project, valued at \$6.5 million, was overstated by \$1.8 million and was inadequately documented and supported. Finally, one project, valued at \$4.3 million, was unsupported. For details of the audit results, see Part I. The management control program could be improved because we identified a material weakness applicable to the audit objectives (Appendix A). Appendix E summarizes the potential benefits of the audit. See Appendix C for tables displaying invalid projects and recommended changes in project estimates.

Summary of Recommendations. We recommend that the Commander in Chief, U.S. Special Operations Command, establish military construction as a separate management control assessable unit and establish standard procedures for the component commands related to military construction project requirements. We recommend that the Army reduce the scope of the MH-47 aircraft maintenance hangar facility project and suspend the systems integration facility project. We recommend that the Navy adjust the DD Form 1391, "Military Construction Project Data," to reflect current requirements for the Naval Special Warfare Group Two air operations facility project. We also recommend that the Director of Resources, U.S. Special Operations Command, adjust the FY 1998-2003 Program Objective Memorandum by \$8.6 million.

Management Comments. The Commander in Chief, U.S. Special Operations Command, comments include the Army, Navy, and Air Force comments. The Commander in Chief, U.S. Special Operations Command, concurred with the recommendations to establish military construction as a separate management control assessable unit and to establish standard procedures at component commands for

evaluation and review of military construction project requirements. U.S. Special Operations Command partially concurred with the recommendation to reconfigure maintenance hangar space to reduce planned construction, stating that while 1st Battalion AH/MH-6 aircraft maintenance could be consolidated, a training unit would occupy the vacated hangar space. U.S. Special Operations Command nonconcurred with the draft recommendation to perform a cost analysis for project FTEV953001, "Special Operations Forces Clear Water Rinse," on the basis that the project was necessary to meet Air Force technical requirements. U.S. Special Operations Command nonconcurred with the recommendation to revise documentation on the Air Operations Facility project to reflect current requirements, stating that the audit findings were based on outdated information. U.S. Special Operations Command concurred with the recommendation to suspend the Systems Integration Facility project. The Under Secretary of Defense (Comptroller) agreed that the four U.S. Special Operations Command military construction projects may be overstated. However, the Under Secretary of Defense (Comptroller) did not concur with the recommendation to reduce the U.S. Special Operations Command military construction budget by \$8.6 million but suggested redirecting the recommendation to the U.S. Special Operations Command. See Part I for a discussion of management comments and Part III for the complete text of management comments.

Audit Response. As a result of management comments, we ask that the U.S. Special Operations Command provide additional comments on the unresolved recommendations involving the Army future use of the MH-47 aircraft hangar space and the Navy outdated space requirements for the air operations facility. We deleted the recommendation that required the Air Force to perform a cost analysis for the aircraft clear water rinse project. We also revised and redirected the recommendation to reduce the construction cost estimate in the FY 1998-2003 Program Objective Memorandum for four of the projects that we reviewed from the Under Secretary of Defense (Comptroller) to the Director of Resources, U.S. Special Operations Command. Therefore, we request comments from the U.S. Special Operations Command on the unresolved issues by July 3, 1996.

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Part I - Audit Results

Audit Background

This report is one of a series of reports on the FYs 1997 and 1998 military construction (MILCON) program for Defense agencies. The report discusses the requirements for the construction of various operations and support facilities for the U.S. Special Operations Command (SOCOM), MacDill Air Force Base, Florida. SOCOM projected requirements for 18 MILCON projects, valued at \$113.4 million, for FYs 1997 and 1998. Five of the projects, estimated to cost \$40.7 million, are programmed for FY 1997; the other 13 projects, estimated to cost \$72.7 million, are programmed for FY 1998. Appendix B lists the 12 FYs 1997 and 1998 SOCOM MILCON projects that we reviewed.

Audit Objectives

The audit objectives were to determine whether SOCOM properly planned and programmed the FYs 1997 and 1998 proposed MILCON projects and whether the decision for MILCON was supported with required documentation, including an economic analysis. We also reviewed the management control program as it applied to the other two audit objectives. See the finding that follows for a discussion of the material management control weakness identified and Appendix A for a discussion of the audit scope and methodology.

Management Controls Over Military Construction

SOCOM did not provide adequate support, documentation, or justification for 5 of the 12 FYs 1997 and 1998 proposed MILCON projects. SOCOM had inadequate support for MILCON because the command headquarters had not established a comprehensive management control program to periodically review, update, document, justify, and evaluate requirements for its MILCON projects. Specifically, the command headquarters did not:

- consider existing facilities as an alternative to new construction;
- base MILCON projects on supportable and updated requirements; and
- determine MILCON facilities to be provided to contractors based on the Federal Acquisition Regulations.

As a result, three MILCON projects, valued at \$20.3 million, were overstated by at least \$6.8 million. Another project, valued at \$6.5 million, was overstated by \$1.8 million and was inadequately documented and supported. An additional project, valued at \$4.3 million, was unsupported (See Appendix C).

SOCOM Components

SOCOM is one of the nine unified commands in the DoD military combatant command structure. The command was activated on April 16, 1987, and has approximately 47,000 active, Reserve, and National Guard Forces of the Army, the Navy, and the Air Force. The command's mission is to prepare special operations forces to conduct worldwide special operations, civil affairs, and psychological operations in peace and war.

SOCOM has three primary components within the Army, the Navy, and the Air Force. The Army Special Operations Command, headquartered at Fort Bragg, North Carolina, consists of the Special Forces, the Rangers, and units involved in psychological operations, civil affairs, special operations aviation, and signal support. The Naval Special Warfare Command, headquartered at the Naval Amphibious Base, Coronado, California, consists of two Sea-Air-Land (SEAL) groups: one located at the Naval Amphibious Base, Coronado, California, and the other located at the Naval Amphibious Base, Little Creek, Virginia. The two groups are responsible for supporting Naval and joint special operations within the theater unified commands. The Air Force Special Operations

Command, headquartered at Hurlburt Field, Florida, consists of air crews operating uniquely equipped fixed and rotary wing aircraft and whose missions include psychological operations, clandestine infiltration and exfiltration, and aerial gunnery support.

Military Construction Criteria

DoD Criteria. DoD Instruction 7040.4, "Military Construction Authorization and Appropriation," March 5, 1979, requires management to make a special effort to efficiently use all existing DoD installations and facilities.

Military Department Criteria. The Military Departments have implemented the DoD MILCON requirements through their own regulations and instructions. Each of these regulations or instructions requires that documentation used to support MILCON projects be complete and current with objectives throughout the project planning cycle. The regulations and instructions also require that major commands review project documentation to ensure that projects are necessary and fully supported. The applicable Military Department MILCON regulations and instructions include:

- Army Regulation 415-15, "Army Military Construction Program Development and Execution," August 30, 1994;
- Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual," December 15, 1987; and
- Air Force Instruction 32-1021, "Planning and Programming of Facility Construction Projects," May 12, 1994.

Contractor-Furnished Facility Criteria. Federal Acquisition Regulation Subpart 45.3, "Providing Government Property to Contractors," generally prohibits providing facilities to contractors unless existing facilities are inadequate or cannot be economically furnished.

SOCOM Criteria. SOCOM Directive 415-1, "Oversight and Management of U.S. Special Operations Command Military Construction Program," June 30, 1991, provides that the SOCOM Command Engineer be responsible for overall management of the command's MILCON program to ensure that adequate facilities are provided to fulfill stated special operations forces requirements and to ensure that the appropriated MILCON program is executed within prescribed timelines. In addition, SOCOM is to validate and prioritize the MILCON program.

Support, Documentation, or Justification of MILCON Projects

SOCOM did not provide adequate support, documentation, or justification for 5 of the 12 FYs 1997 and 1998 proposed MILCON projects that we reviewed. Although SOCOM components are required to adhere to service regulations for MILCON, SOCOM headquarters does not have a program to support, document, and justify its MILCON projects.

SOCOM Headquarters Management Control Program

SOCOM headquarters had not established a comprehensive management control program to periodically review, update, document, justify, and evaluate requirements for its MILCON projects. Management controls for the MILCON process did not ensure that reliable cost estimates and valid requirements existed for SOCOM component commands' projects. SOCOM headquarters had not identified MILCON as a separate management control assessable unit and had no related policies or procedures to ensure that MILCON requirements were adequately justified and that existing facilities were adequately considered before project certification.

Use of Existing Facilities

SOCOM component commands did not consider the potential use of existing facilities for two projects, totaling \$18.4 million. An Air Force facility requirement could have been satisfied with an existing and vacant facility at Hurlburt Field. In addition, an Army facility requirement could have been satisfied with a module of an existing hangar.

Air Force Squadron Operations Facility. Project FTE963011, "Squadron Operations Facility," is an FY 1998 MILCON project, estimated to cost \$2.9 million. The project consists of a new 15,000-square-foot facility to plan, brief, and critique combat crews and to direct flight operations. Administrative space is also required to program and conduct mission briefings and other related command activities. The 6th Special Operations Squadron is currently occupying trailer facilities at Hurlburt Field, Florida.

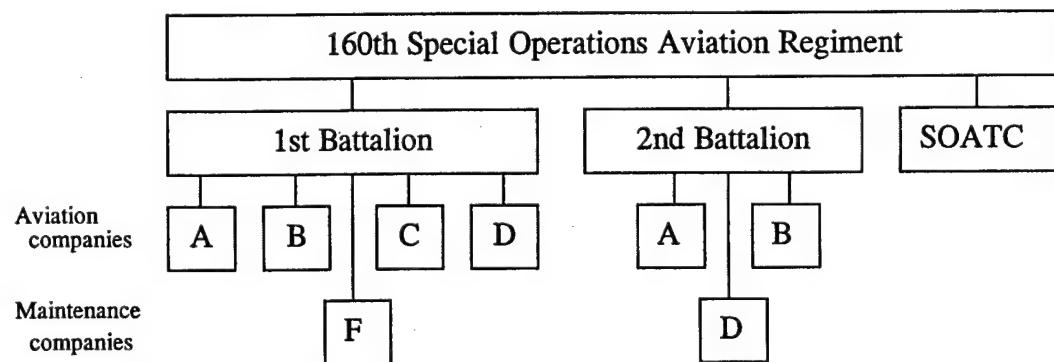
Air Force MILCON Criteria. Air Force Instruction 32-1021 requires installations to identify facility needs and to determine whether existing facilities can satisfy current requirements. Base Civil Engineering, Hurlburt Field, verified facility requirements for the 6th Special Operations Squadron. However, Base Civil Engineering did not evaluate the use of existing and vacant facilities at Hurlburt Field.

Existing Facilities. Two existing facilities were scheduled to become available at Hurlburt Field, which could accommodate the 6th Special Operations Squadron future facility requirements. The two facilities will be vacant, and each could accommodate the 15,000-square-foot space requirement that the 6th Special Operations Squadron is planning to obtain with new construction. Although both facilities are currently categorized as administrative facilities, Base Civil Engineering agreed that each facility could accommodate the 6th Special Operations Squadron mission.

Status of Project. On November 8, 1995, Base Civil Engineering informed us that the 6th Special Operations Squadron was moving into one of the vacant facilities we had proposed and canceled project FTE963011. Therefore, we are making no recommendation to the Air Force Special Operations Command involving the use of existing facilities for the 6th Special Operations Squadron. The Director of Resources, U.S. Special Operations Command, should delete project FTE963011 from the FY 1998-2003 Program Objective Memorandum.

MH-47 Aircraft Maintenance Hangar Facility. Army project 33359, "Special Operations Forces MH-47 Aircraft Maintenance Hangar Facility," is an FY 1998 MILCON project, estimated to cost \$15.5 million. The proposed 160th Special Operations Aviation Regiment (160th Regiment) hangar, to be constructed at Fort Campbell, Kentucky, will contain 83,825 square feet, will be divided into five modules, and will contain hangar space, crew and equipment space, administrative space, and contractor space. Reallocation of existing hangar modules can result in space for private contractors to perform research and development on MH-47 aircraft and can reduce the proposed project by 12,935 square feet.

160th Special Operations Aviation Regiment. The 160th Regiment, located at Fort Campbell, Kentucky, is a unique special operations aviation regiment consisting of two battalion units and one special operations aviation training company (SOATC). The following figure displays the organization of the 160th Regiment.



Organization of the 160th Regiment

The 1st Battalion occupies Hangars 15, 16, and 17. Companies A and B, 1st Battalion, are assigned 30 MH-6 aircraft. Companies C and D are assigned 30 MH-60 aircraft. The 2nd Battalion occupies Hangar 18 with the MH-47 contractor. Companies A and B, 2nd Battalion, are assigned 24 MH-47 aircraft. SOATC will transfer into Hangar 18.

Army Criteria for Computing Space Requirements. Aircraft maintenance hangars are used to provide both responsive Aviation Intermediate Maintenance (Intermediate Maintenance) and daily routine Aviation Unit Maintenance (Unit Maintenance). The Army's "Architectural and Engineering Instruction, Design Criteria," July 3, 1994, requires that aircraft hangar space be predicated by the maintenance capability of the unit. Bay module space for units performing Unit Maintenance is based on 20 percent of the unit's assigned aircraft.

Bay module space for units performing Intermediate Maintenance is based on 10 percent of the unit's assigned aircraft. For those units that perform both Intermediate and Unit Maintenance, bay module space is based on 15 percent of the unit's assigned aircraft.

Requirements Determination. Based on the Army design criteria, the 2nd Battalion, 160th Regiment, properly justified space requirements for four modules in the proposed hangar project. However, we reviewed the proposed use of the hangars that the 160th Regiment occupied as of October 1995. We determined that an existing hangar, Hangar 16, contained adequate space for the private contractor to perform research and development for the MH-47 aircraft.

Hangar 16. Hangar 16 consists of five modules. According to the table of organization and equipment for the 1st Battalion, as of May 30, 1995, company F was performing both Intermediate and Unit Maintenance for companies A and B. For companies A and B, company F had been performing Intermediate Maintenance in Hangar 16 and Unit Maintenance in Hangar 15. Company F had also been performing Intermediate Maintenance for companies C and D in Hangar 16. Based on the Army design criteria, Hangar 15 will provide adequate space for both Intermediate and Unit Maintenance for companies A and B. Consolidation of maintenance into Hangar 15 will result in one module becoming available in Hangar 16. The available module should be assigned to the private contractor to perform research and development for the MH-47 aircraft.

Hangar 15. Hangar 15 consists of three modules for the MH-60 aircraft and four modules for the MH-6 aircraft. Based on the Army design criteria, maintenance for aviation companies A and B would only require six maintenance areas to perform both Intermediate and Unit Maintenance. The seventh maintenance area would become available for the research and development contractor for the MH-60 aircraft.

Overstated Requirements. The Army did not review updated design criteria for maintenance functions in its hangar facilities. Based on the Army design criteria, consolidation of both Intermediate and Unit Maintenance

into Hangar 15 for companies A and B, 1st Battalion, will result in one module becoming available in Hangar 16. Use of the available module in Hangar 16 will result in a reduction of 12,935 square feet from the proposed project.

Requirements Support and Documentation

The following two MILCON projects, totaling \$10.8 million, did not have adequate support or documentation.

Air Operations Facility. Project P-404, "Naval Special Warfare Group Two Air Operations Facility," is an FY 1998 MILCON project, estimated to cost \$6.5 million. The project will provide a multistory addition to the existing air operations facility at Naval Amphibious Base, Little Creek, Virginia. The Naval air operations are currently located in crowded areas of the existing facility and in relocatable trailers. We reviewed the parachute storage and packing space estimates consisting of 52,714 square feet, or 82 percent of the total square feet required for the air operations facility.

Parachute Storage Facilities. Parachutes and associated air operations equipment are currently stored in 28 temporary facilities occupying 24,320 square feet of storage space. The basic facility requirement (BFR) and the MILCON estimate list a 21,690-square-foot requirement for air operations storage space. However, the square-foot requirement is excessive and based on unsupported and outdated information. The authorized equipment requirements listed on the BFR had not been updated since 1993. The current SEAL team equipment authorizations did not match the BFR for four SEAL team equipment items. Also, the BFR contained six items not listed on the August 1995 table of organic allowance. For four additional items, the BFR reported quantities greater than the quantities authorized on the table of organic allowance.

Overstated Requirement. Naval space criteria do not address SEAL team storage facilities. We calculated storage requirements for the four SEAL teams by obtaining measurements for those items and quantities authorized in the table of organic allowance (See Appendix D). The four SEAL teams would only need 9,092 square feet to satisfy their total storage requirement. We calculated that the storage portion of the air operations facility is overstated by 12,598 square feet, estimated to cost \$623,601.

Parachute Packing Facility. Parachute packing for cargo, static-line, and free-fall parachutes is currently performed in 2,566 square feet of space in the existing air operations facility. The SEAL teams can only pack cargo parachutes in fair weather because the length of the cargo parachute extends outside the existing facility. In addition, the SEAL teams do not have enough static-line and free-fall parachute packing spaces to accommodate the number of SEAL team members that would be required to pack parachutes at any one time.

Requirements Determination. Table 1 shows the space estimates from the January 1993 BFR supporting the July 1995 DD Form 1391, "Military Construction Project Data," requesting 31,024 square feet for parachute packing.

Table 1. Space Estimates for Parachute Packing

<u>Type of Parachute</u>	<u>Number of Areas</u>	<u>Number of Parachutes</u>	<u>Square Feet</u>
Cargo	4	482	9,352
Static line	8	750	3,672
Free fall	30	750	18,000
Total			31,024

The Atlantic Division, Naval Facilities Engineering Command, provided the only documentation supporting the parachute packing portion of the BFR. From the documentation provided, we could not determine how the Naval Special Warfare Group Two, Naval Amphibious Base, Little Creek, derived the required space for both cargo and static-line parachutes. For packing free-fall parachutes, the documentation indicated that the 30-space requirement represented the number of students taught in a training class. However, no requirement exists to teach the parachute packing class.

Actual Parachute Packing Use. Naval space criteria do not address space requirements for parachute packing. Supporting documentation did not indicate any basis or methodology for determining the number of spaces required to pack cargo or static-line parachutes. Therefore, for the 11-month period ending October 1995, we verified the parachute packing requirement by determining the number of spaces necessary to pack parachutes between training exercises and mission-related deployments. Table 2 shows the frequency of parachute packing.

Table 2. Parachute Packing Frequency

<u>Type of Parachute</u>	<u>One-Time High Occurrence</u>	<u>Low</u>	<u>11-Month Average</u>
Cargo	6	1	1.4
Static line	66	1	8.0
Free fall	33	1	9.0

We discussed the results with the air operations officer and the Naval Amphibious Base, Little Creek, engineer. Both individuals agreed that the number of required spaces for the cargo and free-fall parachute packing areas should be reduced. Our analysis allowed for the joint use of cargo and free-fall parachute packing areas. Accordingly, the packing area should be reduced from 4 to 2 spaces for cargo parachutes and from 30 to 15 spaces for free-fall parachutes. A 15-space free fall parachute packing area would be adequate to compensate for peak times.

Overstated Requirement. Table 3 shows the gross square feet for parachute packing and the estimated cost reduction.

Table 3. Computation of Overstated Requirement

<u>Type of Parachute</u>	<u>Number of Areas</u>	<u>Square Feet per Space</u>	<u>Gross Square Feet</u>
Cargo	2	2,338	4,676
Static line	8	459	3,672
Free fall	15	600	<u>9,000</u>
Total			17,348
Parachute packing requirement per BFR			<u>31,024</u>
Overstated requirement			<u>13,676</u>
Cost per square foot			<u>\$83.07</u>
Cost reduction			\$1,136,065

160th Regiment - Supply Support Facility. Project 36980, "Supply Support Facility," is an FY 1997 MILCON project estimated to cost \$4.3 million. The construction estimate for the project, consisting of 54,000 square feet, required securing millions of dollars of property currently stored in semipermanent or temporary wood facilities into a consolidated, permanent logistics complex that would be accessible to the entire regiment. Existing storage facilities were widely dispersed throughout Fort Campbell.

Army Requirements for Validation. The Army requires major commands to review MILCON project validation before submission to Department of the Army headquarters or before programming in a Program Objective Memorandum. Army regulations state that major command facilities proponents must be able to justify all aspects of the project throughout the programming and budgeting process. SOCOM regulations require organizations originating MILCON requirements to submit supporting data to SOCOM for validation with the construction estimate.

Adequacy of Facility Requirement. Neither the Army Special Operations Command nor the 160th Regiment retained documentation that justified the size of the planned facility. Although neither organization could provide documentation to support the project requirement, we verified that the planned size of the facility was reasonable. We based our conclusion on the lack of existing adequate facilities, the storage space used at existing facilities, and the volume of inventory. We determined that the requirements of the project were valid. Therefore, we are not recommending that the Army Special Operations Command justify the size of the planned facility. However, the Army did not comply with regulations addressing the justification of project requirements. Management controls were not sufficient to ensure documenting the justification of the project requirements.

Contractor-Provided Facilities

Project 36977, "Special Operations Forces Systems Integration Facility," is an FY 1998 MILCON project, estimated to cost \$1.9 million. The 12,100-square-foot systems integration facility is planned to provide administrative and laboratory space for 13 contractors that employ 81 contract employees supporting the 160th Regiment programs located at Fort Campbell. The 160th Regiment requires the contractors to be near the flight line to accomplish mission requirements. The Army justified the requirement by stating that the contractors are presently located in small and difficult-to-maintain office trailers that are leased by the contractors or in facilities that are Government-owned. The Army stated that the office trailers have no indoor bathroom facilities and are subject to severe weather and wind damage.

Federal Acquisition Regulation. Federal Acquisition Regulation Subpart 45.3 states that agencies are not permitted to furnish new facilities to contractors unless existing Government-owned facilities are inadequate or cannot be economically furnished. The regulation further states that competitive contract solicitations shall not include an offer by the Government to provide new facilities, nor shall solicitations offer to furnish existing Government facilities to contractors.

Existing Facilities. We reviewed the contractor-leased and Government-owned trailers and determined that 8 contractors and 37 contract employees were located in inadequate Government-owned trailers. The trailers can be replaced with new trailers at a total annual lease cost of \$50,000. However, based on the Federal Acquisition Regulation criteria, the Government should not offer permanent facilities to contractors. The 3 contractors and 41 contract employees leased adequate trailers. The other two contractors and three contract employees were in an adequate Government-owned facility. In addition, the Army planned a related construction project for FY 2001 for the 160th Regiment. As a result of the construction, two facilities, including 20,082 gross square feet, will become available for contractor use and are fewer than 20 minutes away from the 160th Regiment flight line.

Overstated Requirement. The Army did not consider the Federal Acquisition Regulation that prohibits the construction of new facilities for contractor employees. Of 11 contractors and 78 employees, 3 contractors and 41 employees can continue to economically lease existing and adequate facilities. An opportunity also exists to place the remaining contractors and employees in existing Government-owned facilities, which will become available in FY 2001. The Government can replace the inadequate trailers with new trailers from FY 1998 through 2001 (3 years) at a total annual lease cost of \$50,000. Therefore, the Army should suspend project 36977.

Recommendations, Management Comments, and Audit Response

Unresolved, Deleted, and Redirected Recommendations. As a result of management comments, we ask that SOCOM provide additional comments on unresolved draft Recommendations 2. and 4. We deleted draft Recommendation 3. and renumbered draft Recommendations 4., 5., and 6. as Recommendations 3., 4., and 5. in the final report. We also redirected draft Recommendation 6. to the Director of Resources, U.S. Special Operations Command, to ensure that the SOCOM MILCON budget will be reduced accordingly. We ask that the Director of Resources, U.S. Special Operations Command, provide comments on Recommendation 5. in its response to the final report.

1. We recommend that the Commander in Chief, U.S. Special Operations Command:

- a. establish military construction as a separate management control assessable unit.
- b. establish standard procedures for the component commands to review, update, document, justify, and evaluate military construction project requirements.

Management Comments. SOCOM concurred with Recommendation 1.a. and will establish MILCON as a separate management control assessable unit. SOCOM also concurred with Recommendation 1.b. and is in the process of revising SOCOM policies to better identify specific MILCON requirements and standard procedures for component command project validation.

Audit Response. SOCOM did not indicate the date by which the action will be complete. We ask SOCOM to provide a completion date in its response to the final report.

2. We recommend that the Commander, Army Special Operations Command, revise and resubmit DD Form 1391, "Military Construction Project Data," for project 33359, "Special Operations Forces MH-47 Aircraft Maintenance Hangar Facility," to consolidate maintenance functions for companies A and B, 1st Battalion, into Hangar 15 and use one existing module in Hangar 16 for the 2nd Battalion research and development contractor for the MH-47 aircraft.

Management Comments. SOCOM concurred with Recommendation 2. concerning consolidating the 1st Battalion's AH/MH-6 maintenance in Hangar 15 but nonconcurred with occupying Hangar 16 with 2nd Battalion's MH-47 research and development contract maintenance. SOCOM stated that implementing the recommendation would divide MH-47 maintenance into three areas and require additional tools, equipment, test sets, and shop space and that a training unit occupy the vacated hangar space.

Audit Response. SOATC was originally planning to perform both Intermediate and Unit Maintenance exclusively in Hangar 18. We request that the 160th Special Operations Aviation Regiment provide additional comments explaining the need for using both Hangar 16 and Hangar 18.

3. We recommend that the Commander, Naval Special Warfare Group Two, revise and resubmit DD Form 1391, "Military Construction Project Data," for project P-404, "Naval Special Warfare Group Two Air Operations Facility," to reflect current requirements.

Management Comments. SOCOM nonconcurred with Recommendation 3., stating that the audit findings were based on an outdated BFR document and DD Form 1391. In addition, SOCOM stated that Group Two began updating the BFR during the audit.

Audit Response. We documented that the BFR for the air operations facility was being revised during our visit to the Naval Amphibious Base, Little Creek, Virginia, in October 1995. We obtained two DD Forms 1391, dated September 1994 and July 1995, that included the same 56,048-square-foot requirement. The only difference between each DD Form 1391 was the unit cost because the project was rescheduled to be constructed in FY 1998. SOCOM contended that the 56,048-square-foot requirement contained in the DD Form 1391 was in draft form and had not been finalized by the Naval Special Warfare Group Two nor reviewed and approved by the Naval Special Warfare Command.

The Atlantic Division, Naval Facilities Engineering Command, updates the BFR annually and forwards it to the Naval Special Warfare Group Two for comments. After the comments are considered, Atlantic Division, Naval Facilities Engineering Command prepares the DD Form 1391. However, Naval Special Warfare Command did not approve the DD Form 1391 for more than 13 months (September 1994 to October 1995). Furthermore, both the SEAL Team and the Atlantic Division, Naval Facilities Engineering Command, personnel stated that neither the Naval Special Warfare Command nor the Naval Special Warfare Group Two ever evaluated the existing paraloft facility to measure parachute packing or equipment storage space requirements. In addition, a portion of the parachute packing requirement was based on training a 30-person class to pack free-fall parachutes. At the time of our visit, this class was not required.

We validated the BFR based on current requirements. Although SOCOM nonconcurred with our recommendation, the Navy is currently updating the BFR. We believe that the recommendation is still valid. Therefore, we request that SOCOM reconsider its comments to Recommendation 3. and provide additional comments in its response to the final report.

4. We recommend that the Commander, Army Special Operations Command, suspend project 36977, "Special Operations Forces Systems Integration Facility," and provide required contractor space with leased facilities.

Management Comments. SOCOM concurred with Recommendation 4. and has deferred project 36977 from the FY 1998 MILCON program.

5. We recommend that the Director of Resources, U.S. Special Operations Command, reduce the construction cost estimates in the FY 1998-2003 Program Objective Memorandum for the following projects: the Air Force project FTE963011, "Squadron Operations Facility," by \$2.9 million; the Army project 33359, "Special Operations Forces MH-47 Aircraft Maintenance Hangar Facility," by \$2.0 million; the Navy project P-404, "Naval Special Warfare Group Two Air Operations Facility," by \$1.8 million; and the Army project 36977, "Special Operations Forces Systems Integration Facility," by \$1.9 million.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) did not concur with the draft recommendation. The Under Secretary of Defense (Comptroller) stated that it not his policy to make project-specific reductions to DoD Components' outyear budgets. After agreeing that SOCOM FY 1998 military construction projects may be overstated, the Under Secretary of Defense (Comptroller) suggested that the recommendation be redirected to the U.S. Special Operations Command.

Audit Response. We consider the Under Secretary of Defense (Comptroller) comments to be responsive. As a result, we redirected the recommendation to the Director of Resources, U.S. Special Operations Command. We request that the Director of Resources, U.S. Special Operations Command, provide comments to the final report.

Additional SOCOM Comments. Although not required to comment, SOCOM addressed project FTE963011, "Squadron Operations Facility," stating that the project was never recognized or budgeted. SOCOM also stated that the Air Force Special Operations Command did consider using existing facilities at Hurlburt Field in programming the facility requirements for the 6th Special Operations Squadron.

Audit Response. While we agree that project FTE963011 was not funded at the time of our audit, this FY 1998 MILCON project was included in the FY 1997-2001 Program Objective Memorandum, dated June 19, 1995. The Program Objective Memorandum proposes programs and resource levels and serves as the basis for service/agency budget estimates. We used the FY 1996/1997 Biennial Budget, Military Construction Program, dated February 1995 to select the FY 1997 MILCON projects. In addition, we used the FY 1997-2001 Program Objective Memorandum for SOCOM to select the FY 1998 MILCON projects (See Appendix B). We reviewed project FTE963011 in August 1995. In the October 1995 Program Objective Memorandum submittal to SOCOM headquarters, the Air Force Special Operations Command did not include project FTE963011.

Management Controls Over Military Construction

In August 1995, Base Civil Engineering stated that it did not consider existing facilities at Hurlburt Field because Hurlburt Field was already at capacity. Furthermore, the Base Civil Engineering Office did not maintain a facilities listing indicating existing and vacant facilities nor manage the potential future use of such facilities. We found no evidence to indicate that the Base Civil Engineering Office or the Air Force Special Operations Command pursued the use of existing facilities as an alternative to new construction.

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Part II - Additional Information

Appendix A. Scope and Methodology

Scope

We reviewed the DD Form 1391, "Military Construction Project Data," for estimating, planning, and reviewing MILCON for 12 of 18 FYs 1997 and 1998 MILCON projects, estimated to cost \$83.3 million. This audit was part of a review of the overall FYs 1997 and 1998 MILCON program budget submission for Defense agencies. For the DD Form 1391 submission, we:

- reviewed supporting documentation for the cost estimates on the DD Form 1391, including the economic analysis;
- reviewed existing SOCOM facilities and other available facilities in the area; and
- interviewed personnel from SOCOM headquarters and component commands responsible for preparing cost estimates.

Audit Period, Standards, and Locations

We performed this economy and efficiency audit from June through November 1995 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures. Appendix F lists the organizations visited or contacted.

Management Control Program

DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that assets are used properly and programs are efficiently managed. The management control system should assign responsibility and accountability for management control to the manager of each assessable unit. The directive further defines assessable units as, "any organizational, functional, programmatic, or other proper subdivisions suitable for evaluating systems of internal management controls, and identifying program and administrative activities of applicable nature and size to facilitate a meaningful assessment." The MILCON program at SOCOM is a functional area suitable for evaluating management controls and meets the criteria for an assessable unit in the management control program.

Review of the SOCOM Management Control Program. We reviewed the SOCOM FY 1995 management control program, vulnerability assessment, and statement of assurance. Specifically, we reviewed SOCOM management controls over the MILCON process. Currently, SOCOM does not evaluate MILCON as a "separate assessable unit." A review of MILCON validity coincides with the annual Program Objective Memorandum review but did not include policies and procedures to prevent overstated MILCON requirements. In addition, we found no evidence that SOCOM validates documentation related to proposed MILCON requirements or availability of existing facilities.

Adequacy of Management's Self-Evaluation. We identified a material management control weakness for SOCOM as defined by DoD Directive 5010.38. Management controls for the MILCON process were not adequate to ensure that cost estimates and valid requirements existed for SOCOM component commands. SOCOM headquarters had not identified MILCON as a separate assessable unit. SOCOM headquarters had no related policies or procedures to ensure that MILCON requirements were adequately justified and existing facilities adequately considered before project certification. Recommendation 1.b., if implemented, will establish SOCOM procedures and could result in future potential monetary benefits (See Appendix E). A copy of this report will be provided to the senior official responsible for management controls in SOCOM.

Prior Audits and Other Reviews

No prior audits or other reviews related to the MILCON process at SOCOM have been conducted within the past 5 years.

Appendix B. FYs 1997 and 1998 Military Construction Projects Reviewed

<u>Project</u>	<u>Location</u>	<u>FY 1997</u>	<u>FY 1998</u>
Supply Support Facility	Fort Campbell	4.3	
MH-47 Hangar	Fort Campbell		15.5
Systems Integration Facility	Fort Campbell		1.9
528th Special Operations Support Battalion Complex	Fort Bragg	14.4	
John F. Kennedy Language Facility	Fort Bragg		10.0
Operations and Logistics Support Facility	Coronado	8.1	
Air Operations Facility	Little Creek		6.5
4th Squadron Operations Facility	Hurlburt Field		6.0
16th Squadron Operations Facility	Hurlburt Field		5.9
6th Squadron Operations Facility	Hurlburt Field		2.9
Consolidated Aeronautical Ground Equipment	Hurlburt Field		5.1
Clear Water Rinse	Hurlburt Field		<u>2.7</u>
Total		\$26.8	\$56.5

We reviewed 12 projects, totaling \$83.3 million, or 73 percent of the MILCON projects programmed for FYs 1997 and 1998.

Appendix C. Projects Identified as Invalid or Partially Valid

Table C-1. Causes of Invalid or Partially Valid Projects

<u>Project Name and Location</u>	<u>Project Number</u>	<u>Causes of Invalid Projects</u>		<u>Causes of Partially Valid Projects</u>	
		<u>Overstated</u>	<u>Unsupported</u>	<u>Overstated</u>	<u>Unsupported</u>
6th Squadron Operations Facility Hurlburt Field	FTE963011		X		
MH-47 Hangar Fort Campbell	33359			X	
Air Operations Facility NAB Little Creek	P-404			X	X
Supply Support Facility Fort Campbell	36980				X
Systems Integration Facility Fort Campbell	36977		X		

Table C-2. Recommended Changes in Project Estimates

<u>Project Name</u>	<u>Project Number</u>	<u>Amount of Estimate on DD Form 1391 (thousands)</u>	<u>Recommended Amount of Change</u>	
			<u>Invalid Projects (thousands)</u>	<u>Partially Valid Projects (thousands)</u>
6th Squadron Operations Facility	FTE963011	\$ 2,900	\$2,900	
MH-47 Hangar	33359	15,500		2,000
Air Operations Facility	P-404	6,500		1,800
Systems Integration Facility	36977	1,900	1,900	
Total		\$26,800	\$4,800	\$3,800
Total Invalid/Partially Valid Projects			\$8,600	

Appendix D. Air Operations Facility Storage Items

Table D-1. Command Measurements Compared With BFR Measurements

<u>Item</u>	<u>Measurement</u>	<u>TOA Quantity</u>	<u>BFR Quantity</u>	<u>Cubic Feet</u>
Command Measurements				
HAHO/HALO Systems	2.3' x 1.8' x 1.1'	728		3,315
Static Line	1.9' x 1.3' x 0.92'	728		1,654
Fast Rope 50 FT	1.5' x 1.5' x 1.5'	155		523
Fast Rope 90 FT	1.7' x 1.7' x 1.5'	162		702
Fast Rope 120 FT	1.8' x 1.8' x 1.7'	48		264
G12 Cargo Chute	3.2' x 1.8' x 1.5'	274		2,367
Extraction Chute	1.9' x 1.2' x 0.65'	288		427
G13A Chute	1.8' x 1.6' x 1.1'	140		444
BFR Measurements				
CEW Kit Bags	3.0' x 2.0' x 2.0'	150		1,800
Weapons Bags	4.0' x 4.0' x 1.0'	72		1,152
Oxygen Flight Kit	1.5' x 1.5' x 1.5'	750		2,531
Honeycomb	8.0' x 3.0' x 3.0'	50		3,600
CRRC Rigging Material	8.0' x 4.0' x 0.7'	90		2,016
CRRC Rigging Run	0.3' x 0.3' x 12.0'	90		97
Repelling Line	1.0' x 2.0' x 2.0'	100		400
Jump Master Kits	2.0' x 2.0' x 3.0'	50		600
Drop Zone Kits	2.0' x 2.0' x 3.0'	50		600
G11 Cargo Chute	2.0' x 3.0' x 5.0'	182		0
Total				22,492*

*Per Naval Facilities Engineering Command Publication P-80 (P-80), cubic feet are recalculated into square feet using a mathematical formula. The formula computed 22,492 cubic feet into 9,092 square feet.

CEW Individual Combat With Equipment
 CRRC Combat Rubber Raiding Craft
 HAHO/HALO High Altitude High Opening/High Altitude Low Opening
 TOA Table of Organic Allowance

**Table D-2. Calculation of Space Requirement
BFR Square Footage Compared With Revised Square Feet**

Estimated space requirement - Per BFR	21,690
Revised space computation - Per P-80	<u>9,092*</u>
Overstated space (in square feet)	12,598
Estimated unit cost	<u>\$49.50</u>
Cost reduction	\$623,601

*9,092 square feet equals 22,492 cubic feet.

Appendix E. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount or Type of Benefit
1.	Management Controls. Establishes control procedures over MILCON process.	Nonmonetary.
2.	Economy and Efficiency. Makes use of existing module to avoid additional MILCON costs.	See Recommendation Reference 5.
3.	Economy and Efficiency. Eliminates unnecessary spaces in the parachute storage and packing areas.	See Recommendation Reference 5.
4.	Compliance with Regulations and Laws. Complies with Federal regulatory requirements and makes use of existing facilities to avoid new MILCON costs.	See Recommendation Reference 5.
5.	Economy and Efficiency. Avoids programming MILCON funds on unnecessary or unsupported projects.	FY 1998 programmed estimates reduced by \$8.6 million.

Appendix F. Organizations Visited or Contacted

Office of Secretary of Defense

Under Secretary of Defense (Comptroller), Washington, DC
Deputy Assistant Secretary of Defense (Installations), Washington, DC

Department of the Army

Army Special Operations Command, Fort Bragg, NC
160th Special Operations Aviation Regiment, Fort Campbell, KY
Department of Public Works, Fort Bragg, NC
Department of Public Works, Fort Campbell, KY

Department of the Navy

Naval Special Warfare Command, Naval Amphibious Base, Coronado, CA
Naval Special Warfare Group Two, Naval Amphibious Base, Little Creek, VA
Base Civil Engineering, Naval Amphibious Base, Coronado, CA
Base Civil Engineering, Naval Amphibious Base, Little Creek, VA
Naval Facilities Engineering Command
Southwest Division, San Diego, CA
Atlantic Division, Norfolk, VA

Department of the Air Force

Air Force Special Operations Command, Hurlburt Field, FL
Base Civil Engineering, Hurlburt Field, FL

Unified Command

U.S. Special Operations Command, MacDill Air Force Base, FL

Appendix G. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Deputy Assistant Secretary of Defense (Installations)
Assistant to the Secretary of Defense (Public Affairs)
Director, Defense Logistics Studies Information Exchange

Department of the Army

Assistant Secretary of the Army (Financial Management and Comptroller)
Commander, Army Special Operations Command
Commander, 160th Special Operations Aviation Regiment
Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Commander, Naval Special Warfare Command
Commander, Naval Special Warfare Group Two
Commander, Naval Facilities Engineering Command
Auditor General, Department of the Navy
Naval Postgraduate School

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Commander, Air Force Special Operations Command
Auditor General, Air Force Audit Agency

Unified Command

Commander in Chief, U.S. Special Operations Command
Director of Resources, U.S. Special Operations Command

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
General Accounting Office

Chairman and ranking minority member of each of the following congressional
committees and subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Subcommittee on Military Construction, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Military Construction, Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight
House Committee on National Security

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Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments

Final Report
Reference



COMPTROLLER
(Program/Budget)

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

MAR 6 1998



MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE
(DIRECTOR, CONTRACT MANAGEMENT DIRECTORATE)

SUBJECT: Audit Report on the Military Construction Program of the U.S. Special Operations
Command (Project No. 5CG-0055.04)

We have reviewed the subject report and agree that the four FY 1998 military construction projects identified in your report may be overstated. However, we cannot concur with your recommendation that we reduce SOCOM's military construction budget by \$8.6 million related to these projects. It is contrary to our policy to make project specific reductions such as this to the DoD Components' outyear budgets. At this point in time, we realize that they are still refining their project estimates, and we afford them the flexibility to realign their funds as they deem necessary.

Deleted.

As a result, we suggest that your recommendation concerning reducing SOCOM's military construction budget by \$8.6 million associated with the four FY 1998 projects be directed to the SOCOM Comptroller, rather than OUSD (C).

My staff will continue to work with your office and SOCOM to resolve any issues concerning this audit.

Bruce A. Dauer
BRUCE A. DAUER
ASSISTANT DEPUTY COMPTROLLER
(PROGRAM/BUDGET)

U.S. Special Operations Command Comments



UNITED STATES SPECIAL OPERATIONS COMMAND
OFFICE OF THE DEPUTY COMMANDER IN CHIEF AND CHIEF OF STAFF
7701 TAMPA POINT BLVD.
MACDILL AIR FORCE BASE, FLORIDA 33621-5323

29 March 1996

MEMORANDUM FOR: DIRECTOR, CONTRACT MANAGEMENT DIRECTORATE,
DEPARTMENT OF DEFENSE INSPECTOR GENERAL, 400 ARMY NAVY DRIVE,
ARLINGTON, VIRGINIA 22202-2884

SUBJECT: Audit Report on the Military Construction of the
U.S. Special Operations Command (Project No. 5CG-0055.04)

1. As requested in your memorandum and IAW DoD Directive 7650.3, management comments with corrective actions are provided at the enclosure.
2. The audit's stated purpose was to determine whether the U.S. Special Operations Command (USSOCOM) properly planned and programmed the proposed military construction projects for Fiscal Years 1997 and 1998. Only one Fiscal Year 1997 project issue was identified with no potential monetary benefit. The remaining issues were related to Fiscal Year 1998 projects that, at the time of the audit (June - November 1995), were still being developed. None of these requirements had final component command validation, nor had the projects been formally submitted to USSOCOM for review in the Fiscal Year 1998-03 Program Objective Memorandum.
3. Based on preliminary, unapproved project documentation at installation level, review of proposed outyear requirements was premature. We do not concur with the proposed recommendation to reduce USSOCOM's future military construction budget related to these projects. The DoD Assistant Deputy Comptroller for Program and Budget supports this position. We do concur with establishing USSOCOM military construction as a separate assessable unit.
4. We appreciate the efforts of your staff in reviewing and advising us on ways to strengthen military construction in support of special operations forces.

Encl
as

Irve C. Le Moyne
IRVE C. LE MOYNE
Rear Admiral, U.S. Navy
Deputy Commander in Chief
and Chief of Staff

CF: OUSD (Comptroller, Program/Budget)

U.S. Special Operations Command Comments

Response to Draft Audit Report Military Construction Program U.S. Special Operations Command

Management comments and corrective actions on each of the draft audit report's six recommendations are as follows:

USSOCOM Headquarters Management Control Program

The audit report stated that USSOCOM headquarters had not established a comprehensive management control program to periodically review, update, document, justify and evaluate requirements for its military construction (MILCON) projects. Management controls for the MILCON process were not adequate to ensure that cost estimates and valid requirements existed for USSOCOM component commands. USSOCOM headquarters had not identified MILCON as a separate assessable unit and had no related policies or procedures to ensure MILCON requirements were adequately justified and existing facilities adequately considered before project certification.

Audit Recommendation 1: USSOCOM: (a) establish military construction as a separate assessable unit, and (b) establish standard procedures for component commands to review, update, document, justify and evaluate construction requirements.

(a) CONCUR

USSOCOM will establish military construction as an assessable unit IAW DoD Directive 5010.38 and USSOCOM Directive Number 5-1, "Internal Management Control Program."

(b) CONCUR

USSOCOM has promulgated policies and procedures to ensure that MILCON requirements are adequately justified. USSOCOM Directive Number 415-1, "Oversight and Management of United States Special Operations Command Military Construction Program," dated 30 June 1991, prescribes USSOCOM policies, responsibilities and procedures to plan, initiate, submit and execute all categories of special operation forces (SOF) military construction. This directive, together with specific Program Objective Memorandum (POM) guidance, engineering instructions and service criteria and oversight by the USSOCOM MILCON Panel (1991-95) and the USSOCOM Assessment Directors (currently) have corporately insured the validity of component project requirements and cost estimates since SOF MILCON was established under USSOCOM budget authority starting in FY 1991. Directive 415-1 was already under revision during the audit team visit. This revised directive will serve as an improved MILCON management tool which will identify specific requirements and standard procedures for component command project validation, e.g., review of predesign studies, scope determination, site and environmental approvals, consideration of alternatives and economic analysis.

Use of Existing Facilities

The audit report stated Army Special Operations Command Project No. 33359, Special Operations Forces MH-47 Aircraft Maintenance Hangar Facility, is an FY98 MILCON project estimated to cost \$15.5 million. The hangar is proposed for the 160th Special Operations Aviation Regiment hangar at Fort Campbell, Kentucky, and will contain 83,825 square feet divided into five modules of hangar space, plus crew, equipment, administrative and contractor space. Based on the Army design criteria consolidation of both Aviation Intermediate Maintenance (AVIM) and Aviation Unit Maintenance (AVUM) into Hangar #15 for Companies A and B, 1st Battalion, will result in one module becoming available in Hangar #16. Use of the available module in Hangar #16 will result in a reduction of 12,935 square feet from the proposed project. This space reduction will result in a cost reduction of \$2 million.

Audit Recommendation 2: The Army Special Operations Command revise and resubmit DD Forms 1391 for Project No. 33359, Special Operations Forces MH-47 Aircraft Maintenance Hangar Facility, to consolidate maintenance functions for Companies A and B, 1st Battalion into Hangar #15 and use one module in Hangar #16 for the 2nd Battalion research and development contractor for MH-47s.

NON CONCUR

Concur with the recommendation to consolidate 1st Battalion's AH/MH-6 aircraft maintenance in Hangar #15 to improve efficiency of maintenance. Nonconcur with backfilling Hangar #16 (vacated by AH/MH-6s moving to Hangar #15) with 2nd Battalion's MH-47 research and development contract maintenance. Implementing this recommendation would result in MH-47 maintenance divided into three areas (the new hangar, Hangars #16 and #18), and require additional maintenance tools/equipment, test sets and shop space.

Hangar #16's vacated bay space will be utilized by the Special Operations Training Company's (SOATC) MH-60s for AVIM and AVUM. Contractor-performed depot-level functions are slated for the new hangar (1 bay), together with the 2nd Battalion's MH-47 AVIM and AVUM functions to be relocated from Hangar #18. SOATC's AH/MH-6s and MH-47s will be assigned to Hangar #18 for AVIM and AVUM. Rationale for this configuration is to consolidate the regiment's maintenance functions with multiple units and multiple type aircraft into like type maintenance capabilities (type aircraft and level of maintenance). This results in a five-bay 83,825 square-foot hangar justified in the FY98 MILCON project.

The apparent difference between the audit report and the needs described above is the total hangar requirement computed for the regiment at Fort Campbell. Total authorized space, including shop space, is 308,262 square feet. With the new hangar, the total space provided will be 312,436 square feet -- an acceptable variation from the requirement considering the adjusted use of three of the four existing facilities.

U.S. Special Operations Command Comments

Final Report
Reference

Economic Analysis

The audit report stated Air Force Special Operations Command Project No. FTEV953001, Special Operations Forces Aircraft Clear Water Rinse, is an FY98 MILCON project estimated to cost \$2.7 million. The project is required to provide a daily clear water rinse capability for 70 assigned aircraft of the 16th Special Operations Wing at Hurlburt Field, Florida. The most recent construction estimate indicated that the present corrosion control facility is unable to adequately perform the rinse. Although the Air Force performed an economic analysis to determine the benefits of aircraft clear water rinsing instead of not rinsing aircraft, the analysis did not consider economic costs of different aircraft clear water rinsing methods.

Deleted.

Audit Recommendation 3: The Air Force Special Operations Command should perform a cost analysis in its economic analysis for Project No. FTEV953001 to compare the present rinsing process with the rinse requirement of two staff-hours per aircraft.

NON CONCUR

The accepted standard for aircraft rinsing is a 360-degree deluge configuration as currently employed at numerous Air Force bases to meet Air Force Tech Order 1-1-691 requirements. Hurlburt's current workaround method employing a single hand-held water hose does not meet this corrosion standard, because it does not employ simultaneous multi-head spraying and an environmentally acceptable method for recycling of water and containing contaminates. USSOCOM will advise the Air Force Special Operations Command to amend the Project FTEV953001 economic analysis to include a statement that the current method of manual rinsing to minimize aircraft damage does not meet Air Force standards and is therefore not a practicable alternative. Project No. FTEV953001 should proceed at the planned full scope.

Requirements Support and Documentation

The audit report stated Naval Special Warfare Command Project No. P-404, Naval Special Warfare Group Two Air Operations Facility, is an FY98 MILCON project estimated to cost \$6.5 million to provide a multistory addition to the existing air operations facility at Naval Amphibious Base Little Creek, Virginia. Parachutes and associated air operations equipment are currently stored in 28 temporary shipping containers providing 24,320 square feet of storage space. The basic facility requirement (BFR) and the MILCON estimate list a 21,690 square-foot requirement for air operations storage space. The space requirement is excessive and based on unsupported and outdated information. The storage portion is overstated by 12,598 square feet, estimated to cost \$623,601.

Navy space criteria do not address space requirements for parachute packing. Parachute packing requirements were, therefore, verified by determining the number of spaces needed to pack parachutes for an 11-month period ending in October 95. Accordingly, the packing area should be reduced from 4 to 2 spaces for cargo parachutes, and from 30 to 15 spaces for free-fall parachutes, yielding a project cost reduction of \$1,136,065.

Audit Recommendation 4: Naval Special Warfare Group Two revise and resubmit DD Forms 1391 for Project No. P-404, Naval Special Warfare Group Two Air Operations Facility, to reflect current requirement.

Renumbered
as Recom-
mendation 3.

NON CONCUR

Project No. P-404 is an FY98 MILCON requirement the audit team reviewed in June-November 1995 at the installation. Audit findings at that time were based on an outdated BFR and draft DD Forms 1391. The BFR and DD Forms 1391 had not been finalized by Group Two nor reviewed/approved by Naval Special Warfare Command. Update of the BFR was begun during the audit. Once the updated BFR has been completed, revised DD Forms 1391 will be prepared with a request by Naval Special Warfare Command to USSOCOM for authority to initiate design. Project scope/cost estimate refinements (increases and decreases) are normal in the MILCON program for an outyear project prior to submission. The audit recommendations for this FY98 line item are thus premature and hypothetical, and do not provide a basis for an action that is not already a part of the POM process.

U.S. Special Operations Command Comments

Final Report
Reference

Contractor-Provided Facilities

The audit report stated the Army Special Operations Command had proposed the construction of an FY98 12,100 square-foot systems integration facility project, Project No. 36977, Special Operations Forces Systems Integration Facility, estimated to cost \$1.9 million. The facility is planned to provide administrative and laboratory space for 13 contractors that employ 81 contract employees who support the 160th Special Operations Aviation Regiment at Fort Campbell, Kentucky. Federal Acquisition Regulation Subpart 45.3 states that agencies are not permitted to furnish new facilities to contractors unless existing Government-owned facilities are inadequate or cannot be economically furnished.

The 160th Special Operations Aviation Regiment's mission requires contractor support at the flightline. Three contractors with 41 contract employees have leased adequate trailers. Two contractors with three employees are using adequate government-owned facility. Eight contractors with 37 contract employees, however, are located in inadequate government-owned trailers, which can be replaced with new trailers at a total annual lease cost of \$50,000. The government should not offer permanent facilities to contractors based on Federal Acquisition Regulation criteria.

Audit Recommendation 5: Army Special Operations Command suspend Project No. 36977, Special Operations Forces Systems Integration Facility, in accordance with regulatory requirements that prohibit the construction of new facilities for contractor employees and that the commander provide required contractor space with leased facilities.

CONCUR

The Army Special Operations Command has deferred Project No. 36977 from the FY98 MILCON program. The requirement, however, remains a high priority for the 160th Special Operations Aviation Regiment because of its extensive reliance on contractor support. USSOCOM will advise the Army Special Operations Command to further examine this issue in light of Federal Acquisition Regulation 45.302-3, "Other Contracts," paragraph (a) (6) which provides exception to the stated provisions.

Renumbered
s Recom-
mendation 4.

U.S. Special Operations Command Comments

Final Report
Reference

Audit Recommendation 6: The draft audit report recommends the Under Secretary of Defense (Comptroller) reduce the funding for Project No. FTEV963011, Squadron Operations Facility (\$2.9 million); Project No. 33359, Special Operation Forces MH-47 Aircraft Maintenance Hangar Facility (\$2.0 million); Project No. P-404, Naval Special Warfare Group Two Air Operations Facility (\$1.8 million); and Project No. 36977, Special Operations Forces Systems Integration Facility (\$1.9 million).

Revised,
Redirected,
and
Renumbered
as Recom-
mendation 5.

NON CONCUR

The future MILCON program should not be reduced based on cost or scope changes to individual projects. These requirements and project estimates are still being refined (through August of this year for FY 1998 projects), and the components need the flexibility to realign funds as requirements and cost estimates are refined, validated and supported in the FY98-03 POM process. If this audit recommendation were followed, the Comptroller could also be liable to increase funding for future projects if costs increased; this is not the current policy. USSOCOM's position is in accord with the OUSD (Comptroller, Program/Budget) Memorandum, dated 6 Mar 96, which states it is against DoD's policy to make specific project reductions to DoD components out-year programs.

Project No. FTEV963011 Additional Information

The following information is provided regarding Air Force Special Operations Command Project No. FTEV963011, Squadron Operations Facility (\$2.9 million) identified for a proposed monetary reduction in Recommendation 6, but not specifically addressed in the report's Recommendations for Corrective Action:

NON CONCUR

Air Force Special Operations Command did consider using existing facilities on Hurlburt Field in programming the squadron operations facility for the 6th Special Operations Squadron. When this facility was programmed, disposition of a west coast basing initiative and its potentially large impact on Hurlburt facilities was still unresolved. Squadron size and whether it would own or lease aircraft also had not been determined. This high priority mission therefore dictated planning for the proposed facility ahead of other important facility requirements.

Prior to the audit team visit to Hurlburt Field the 16th Special Operations Wing recognized the 6th Special Operations Squadron could be accommodated in existing facilities, provided that two other squadron operating facilities were constructed via the FY98 MILCON program. However, this time frame was too early in the FY98-03 POM cycle to finalize the FY98 facility projects. Facility planning was also further complicated by Hurricane Erin. The proposed project was cancelled at base level in November 1995 before it became a validated requirement. USSOCOM thus did not recognize or budget for Project No. FTEV963011.

U.S. Special Operations Command Comments

Final Report
Reference

Revised.

Editorial Comment:

There is an inaccuracy in the Air Force Special Operations Command's (AFSOC's) mission as stated on page 4, 1st paragraph, of the subject audit report. The report stated AFSOC's "missions include psychological operations and inserting, extracting, and resupplying aerial fire support." A more accurate description would read AFSOC's "missions include psychological operations, clandestine infiltration/exfiltration, and aerial gunnery support."

Audit Team Members

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

Paul J. Granetto
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Gopal K. Jain
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Richard J. Kutchey

INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Military Construction Program of the U.S. Special Operations Command

B. DATE Report Downloaded From the Internet: 12/06/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): OAIG-AUD (ATTN: AFTS Audit Suggestions)
Inspector General, Department of Defense
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D. Currently Applicable Classification Level: Unclassified

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F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: VM Preparation Date 12/06/99

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